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## Development in rural areas through capacity building and education for business

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### Abstract

This paper is based on a case study located in Avila, central Spain. Its main objectives are to implement an entrepreneurship program and design a plan of capacity building and education for business in order to promote the development of rural areas. The methodological approach of the program is based on the use of tools that permit involving the various actors of the area from the early planning stages. The university's group that is carrying out the field work has relied on these participatory tools in very different areas and contexts for over 25 years. This has allowed the development of an advanced planning model called "Working With People" that connects expert and experience knowledge in the territories where it is applied. With this methodological approach, the diagnosis of the territory and the design of the program's strategy has been carried out. Once completed the first phase of the program and in order to ensure the sustainability and applicability of future entrepreneurial initiatives, it is necessary to support and strengthen potential entrepreneurs through training activities and capacity building. It relies on "How to learn from people who live there" to promote investment projects and to teach them with adequate educational skills. In this context, this article aims to study the implementation strategy of these training and capacity building activities studied from an academic perspective, as well as analyzing the potential effects of these actions in promoting entrepreneurship in the territories

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**Keywords:** capacity building; rural development; entrepreneurship; participatory tools.

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## 1. Introduction

Here introduce the paper, and put a nomenclature if necessary, in a box with the same font size as the rest of the paper. The paragraphs continue from here and are only separated by headings, subheadings, images and formulae. The section headings are arranged by numbers, bold and 10 pt. Here follows further instructions for authors.

This paper analyzes the strategic implementation of business capacity and education and its potential effects on rural areas located in Sierra de Avila, northern Spanish plateau. This paper contributes, from an academic approach, to define and analyze strategies to foster development in rural areas affected by the phenomenon of an ageing population and rural depopulation effects. This research is supported by a case study about an entrepreneurship program named “Young entrepreneurs for the sustainability of rural areas” launched in April 2014. The necessary first steps of this program consisted on a territorial diagnosis and the design of an action strategy. Friedman and Waver (1979) predicted that future regional planning approaches would have to focus on “territory” instead of on the “function”. Alongside these two previous phases, a design of a capacity and educational entrepreneurial plan has been built. The tools used in this research are based on participatory processes through the “Working With People” approach. The definition of this model lies on a conceptual proposal where projects are developed by local people and not for people. The project reaches full meaning when it relates to humans and it is integrated into the social structure where it is developed (Trueba et al., 1995). This model is summarized in three components – ethical-social, technical-entrepreneurial and political-contextual- and its interaction through social learning process (Cazorla et al, 2012). This approach enables organizations to benefit from external interpretation of what others think of them and to hear their ideas about how they might improve (Holden, 2008).

The research is based on the concept of capacities acquisition, defined as the set of mobilizing activities conducted with people of one territory making them able to absorb a new model of being entrepreneurial and knowledgeable about their development potential in rural areas (Alier et al., 1997). This concept is related to collective capacity-building through territorially-based endogenous development (Shucksmith, 2000). Through this study and the future research based on the implementation of other program steps, this concept will be analyzed as a key idea to accomplish the objectives of the program.

### 1.1. Case Study. JESTeR Program

The case study this research is based on is represented by the JESTeR program, a pilot program whose main purpose is to foster the development of seventeen rural areas in Avila as well as activating the existing endogenous potential in this territory. Gesplan is the technical team responsible of implementing this program. This research group is formed by researchers from the Technical University of Madrid and the program is funded by Tatiana Perez de Guzman el Bueno Foundation. This foundation is a non-lucrative organization focused on managing its wealth for social purposes. Its activities are addressed to promote learning programs, especially for women and young people, to boost scientific research and to stimulate environmental researches.

The seventeen municipalities that are part of the program territorial domain are located in the region of Sierra de Avila, one of the area which are most affected of ageing people and depopulation in the province. The total population of the territory is around 1600 inhabitants. The territories occupy an extension of about 379 km<sup>2</sup> with a low population density, only 4.42 inhabitants per km<sup>2</sup>. Population data is showed in table 1. 40.5% of the surface is covered with grasslands, benefiting agricultural activities. Dry farmed crops as cereals predominate in this area (above all wheat and barley) and consequently cattle breeding. The territory presents countless productive, cultural and environmental resources that enable the establishment of synergies between the local factors. The geographic unity strengthens identity and territorial cohesion. JESTeR program counts with six different phases in order to address and to achieve its objectives: territorial analysis, strategy design, partnership design, the dissemination and implementation of the strategic initiatives, documentation and process monitoring. The first two phases, which are on which the research is based, were carried out from April to October 2014. During these phases, the capacity building plan was designed to orientate the educational entrepreneurial activities to the potential entrepreneurs with the main purpose of achieving the successful development of the projects.

Table 1. Demographic data by municipalities. January 1, 2013. Source: National Statistical Institute (INE)

Municipality	Population	Men	Women	Surface km2	Population Density
Blascomillan	202	106	96	39,60	5,10
Brabos	48	29	19	18,35	2,62
Chamartin	76	45	31	15,45	4,92
Cillan	108	64	44	14,17	7,62
El Parral	88	46	42	10,90	8,07
Gallegos de Altamiro	71	44	27	20,00	3,55
Gallegos de Sobrinos	66	30	36	43,27	1,53
Grandes y San Martin	28	14	14	11,59	2,42
Herreros de Suso	154	81	73	21,53	7,15
Mirueña de los Infanzones	106	54	52	31,21	3,40
Munico	113	60	53	13,28	8,51
Munogrande	68	41	27	16,16	4,21
San Garcia de los Ingelmos	93	55	38	38,08	2,44
Sigeres	51	24	27	13,70	3,72
Solana de Rioalmar	197	106	91	37,14	5,30
Villaflor	128	64	64	18,48	6,93
Vita	79	47	32	16,60	4,76

## 2. Data Collection and methodology

The methodological approach this research relies on, is based on the use of participatory tools and processes that allow involving the different stakeholders from the early planning stages. This research is part of the conceptual framework called "Working With People" connecting metamodel planning expertise and experienced knowledge in the territories to which it applies. This model is understood as a practice developed in cooperation that seeks to connect the knowledge and the action through a common project. Besides technical values, other kinds of values are developed to integrate people involved in the program context. The WWP conceptual framework is synthesized around three components that interact with each other, strengthened through social learning. The application of this methodological approach involves both planners and other actors of the program, technical and contextual skills, a special social sensitivity and sound ethical standards.

Territorial information gathering was carried out during the year 2014, this information requires to be continuously updated to adapt adequately to the needs of the population. Firstly, data has been collected from both public and private sources that deal with the environment, socioeconomic, cultural and heritage features of the territory. The main sources were: National Statistics Institute (INE), municipal information (Caja Duero) Rural Development Programme of Castilla y Leon (2007-2013) and cartographic resources of the National Center for Geographic Information (CNIG).

This information has been compared, in a second step, with information obtained from the collaboration and participation of different actors in the territory. The main contributing agents were: the agents of the government team of the 17 city councils included in the Program; Avila's Council responsible for the area of Rural Development and the Department of Culture, Youth and Sports; the local action groups operating in the territories, the ASOCIO Foundation; and, particularly the local population, represented by entrepreneurs of these 17 municipalities, collaborating actively in various participatory processes.

- Diagnosis
  - Query information (public and private sources): Geophysical, socio economic, environmental, institutional and political information.
  - Interviews with Council's institutional agents: Institutional information, political and territorial and regional programs, grants, contrasts reference information, etc.
  - Interviews with mayors: Regional and territorial information, resources, relations with the council, contrast reference information.
  - Participatory workshops (entrepreneurs): Information for territorial diagnosis, opportunities and needs to encourage entrepreneurial information (entrepreneurs training and potential initiatives)
  - Participatory workshops (managers and business people): Information for territorial diagnosis, specific information on the opportunities and needs of the existing business structure, potential partnerships and synergies and evaluation of initiatives proposed at the entrepreneurs' workshops
  - Diagnosis report: diagnosis documentation
- Design
  - Reporting results: feedback obtained with different actors of the territory
  - Sectorial workshops: detailed proposals reports. Description and identification of funding requirements, training and business training for the implementation of entrepreneurial projects.

The participatory activities within the diagnosis and design stages of the program strategy constitute the main source information for this research. The information collected covers various aspects related to the potentials, resources and needs that the territory counts with to encourage entrepreneurship. Nevertheless, this research focuses on information related to the territorial resources and capacity and educational needs.

### *2.1. Activities of the participatory process*

In this participatory process, agents with a relevant role in the territory were identified such as beneficiaries, those involved institutionally, as well as those politically and socio-economically involved. Thus, the three components that define the Model Working With People were well covered: ethical-social, technical-entrepreneurial and political-contextual; and interactions established between them. Once individuals or groups and institutions involved were identified, the type of participatory tool most suitable for its characteristics was analyzed. It was taken into account the type of information to be obtained and the availability of the agent or group. Based on this analysis various participatory activities such as interviews, surveys, entrepreneurship and sectorial workshops were carried out.

#### *2.1.1. Interviews and surveys: institutional representatives and associations*

The County Council of Avila represents the provincial government that operates on the territory where the rural municipalities of the program are located. Within the County Council there are different activity areas or sectors. For the identification of agents, those responsible of the areas related with program areas were chosen for the interview: the rural development area and the culture, youth and sports area. The information obtained from these interviews belongs to the provincial level and it is related with various programs and activities that took place in the province in recent years. Territory valuable information was also obtained for contrasting the available and analyzed information for performing a diagnostic program. Furthermore, there were established guidelines for future collaboration with the provincial government due to the fact that there are shared interests and which are also pursued by the program's objectives. Once established the first contact with the agents of the County Council, a second activity of interviews and surveys was performed in each municipality with the government teams of the 17 rural municipalities. 15 mayors, 10 councilors, 4 municipal secretaries and 1 agent for rural development were interviewed. In this process 15 surveys were conducted. Also an interview was carried out to the manager of the local action group called - Fundacion ASOCIO- which operates in the territory. The two mayors of the two remaining municipalities showed no interest in participating in the process. The information obtained is related primarily to municipal data in terms of

demographics (population variance), geography (climate, vegetation ...), socioeconomic situation (dominant sector activity, associative capacity ...) and culture (festivals and traditions).

### 2.1.2. Participative workshops: entrepreneurs, business people and sectorial workshops

With the information from the workshops a participatory diagnosis of the territory was obtained. For this activity two population groups were defined: Entrepreneurs, mainly young people and women, and managers or business people: There were a total of seven workshops in which over 160 people participated and becoming part of the database program. In workshops for potential entrepreneurs, the issues raised and discussed at the workshops consisted of knowledge and identification of potential problems, needs and territory potential for entrepreneurial initiatives. In the workshops for managers or business people, the issues raised and debated were established with the objective to know and study the existing business base in the area and to identify potential future synergies. The high participation obtained in the processes ensures a better adaptation of the methodological tools used in the territory.

In order to benefit entrepreneurs according to geographical proximity, territorial similarities, provision of participation and other kind of relationships between these seventeen municipalities, the workshops were situated in four selected areas. The workshops for managers or business people were situated according to the same system though instead of four areas were only three, caused by less participation.

Participatory activities for the design of the program strategy were organized in addition to information obtained from the diagnosis phase. A total of three sectorial workshops were defined according to each strategic vector: 1) agri-food industry, 2) tourism, craftsmanship and cultural heritage, and 3) SMEs and service to the community. These three vectors include initiatives and theme areas chosen by entrepreneurs and prioritized by the local participatory population. Participation data is shown in table 2.

Table 2. Participation data of the participatory activities

Date	Place	Participation
<b>Entrepreneurs workshops</b>		<b>113</b>
June 17, 2014	Blascomillan	
June 17, 2014	Munogrande	
June 25, 2014	Chamartin	
June 25, 2014	Solana de Rioalmar	
<b>Managers and business people workshops</b>		<b>56</b>
July 24, 2014	Solana de Rioalmar	
September 16, 2014	Chamartin	
September 23, 2014	Blascomillan	
<b>Sectorial workshops</b>		<b>52</b>
December 2, 2014	Solana de Rioalmar	
December 4, 2014	Chamartin	
December 12, 2014	Blascomillan	

### 3. Findings

This section shows the results obtained during the participatory activities carried out in the territory during the design phase. The number of entrepreneurs interested in the program was 169 out of which 53 were entrepreneurs already established in the territory. During these meetings information related to the weaknesses, strengths and capacity needs demanded by entrepreneurs for the implementation of the project was obtained. On the other hand, participatory roundtables held in December 2014, collected information related to the specific axis that entrepreneurs considered more feasible for their initiative. Participation in this last activity was of 52 people. Following the results

of these two activities, the capacity building plan was designed for those entrepreneurs who wish to undertake initiatives in the territory.

### *3.1. Thematic areas identified by entrepreneurs*

As a result of the participatory activities carried out in the territory, proposals for entrepreneurial ideas and future projects are set around six thematic areas. The votes of each of the areas are the result of the sum of the votes of the projects that are part of each of them. According to the obtained data, the information was compiled under three categories, in relation to the three emerged areas which are consequence of these participatory activities. Thus, these thematic axes are 1) agri-food production and transformation, with 119 votes; 2) tourism, craftsmanship and cultural heritage with 176 votes; and 3) SMEs and service to the community with 66 votes. This reclassification simplifies the decision-making process and management for future steps.

### *3.2. Analysis of the strengths, weaknesses and training needs for entrepreneurs*

Data included in this section was obtained through the participatory activities carried out in the designed phase with the main purpose of analyzing from an endogenous approach the weaknesses and strengths identified by the entrepreneurs and its training activities requested for each entrepreneurial project. Findings show most of the entrepreneurs agree on the significant uncertainty caused by mistrust and individualist feelings. These two concepts and conformism feelings are key for personal decision-making process. Entrepreneurs are also aware that they need to change its approach and entrepreneurial point of view if they want to change the situation. Participatory activities carried out on the design phase allowed to identify capacity and training needs in order to accomplish projects of each thematic area. The capacity and training plan was designed for each area and personalized for each entrepreneur.

### *3.3. Capacity building and education for business*

From a training and educational approach, most of the entrepreneurs have professional experience in the agri-food industry. Nevertheless, they also demand capacity training on areas related to management and administration. The following themes have been identified by entrepreneurs on interviews, surveys and workshops: commercialization and distribution of agri-food products, positioning on Internet based on development of integrated offers, electronic commerce, usage of new techniques to optimize the market, as Search Engine Optimization (SEO). The training and educational plan was divided depending on the findings obtained. The following structure is supported in each area: The training and educational plan was divided according to the findings obtained following the entrepreneurs' needs. The following structure is maintained in each area: 1) development of personal competences such as technical, contextual and behavioral to the correct implementation of a project and its success; 2) capacity and training activities related to business management and administration; and 3) training in new technologies and communication such as marketing and social media. According to point 1) competence is defined as “a collection of knowledge, personal attitudes, skills and relevant experience needed to be successful in a certain function” (NCB, 2009). Considering the three areas mentioned above, the technical competence range is defined to describe the fundamental project management competence elements; the behavioral competence range is used to describe the personal project management; and, the contextual competence range describes the project manager's competence in managing relations with line management organisation and the ability to function in a project focused organization (NCB, 2009). For these reasons, training areas will be treated as cross-cutting themes on each plan designed. The importance to include these elements lies on the capacity to connect business, project management and the cultural context in one direction to achieve projects successfully. Once the general plan is defined, specific training would be designed according to the entrepreneur's need. Courses will be co-financed by Tatiana Foundation and will be taught by professionals of each field to provide a professional view from theory and personal experience.

#### 4. Discussion

Development programs designed to foster entrepreneurship in rural areas must be accompanied by a capacity building and education plan for business in order to promote the development of rural areas. The main purpose of these plans is to encourage the promotion of entrepreneurial initiatives that affect the revitalization and development of rural areas. These areas are characterized by aging and depopulation factors that determine the abandonment of traditional activities and for being slow undertaking new initiatives.

The design of the capacity building and education plan should take into account the resources and the needs of the population and should identify current economic activities and new activities which because of their potential, can be undertaken in the territory. In our case study, capacity building and education for entrepreneurship has been linked to the implementation of projects so that entrepreneurs with initiatives within the program take priority and have economic facilities through co-financing measures. The intent of this measure is to achieve a greater commitment of entrepreneurs with the program which in turn it is provided through personalized monitoring and a project advice. On the other hand, it has detected the possibility of recovering traditional activities. To do this, material and human resources that could participate in undertaking these initiatives have been identified. Within the capacity building and education plan, it is recommended that human resources related to these traditional activities are able to participate in the structure of the plan, providing expertise and a high linkage with the territory. Finally, the plan designed could not ignore the current crisis in the country. In this sense, the opportunity to restore people who years ago left the territory but nowadays they could return again if they find an opportunity to undertake an entrepreneurship initiative is detected.

With the intention of completing the investigation we will analyze the development and impact of the capacity building and education plan for business through monitoring and evaluation during the next two years.

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